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Eniotimnol foarss Anvieties about the future
 ened after it noissed the deadifne forta refinano suspension of its shares. Page 19
Olivetti, the tialian information tecbnology
group. miderlined tis sirious fmancilal position when it revealed debt had nearly dounbed
between the beginning of July and the end of between the begin
August Page 18 August Page 18.
Autoliz ini. US deat Sweden's Autotiv and
Morton Interriational of the US plan to create tha world's biggest car atrbag andid seat-belt supplier, with annaal sales of fsbin sand more than
40 per cent of the airtag market in the 40 per cent of the airbage market in the US, Throent to in Ireland takise The Northern
Ireland peace process appeared close to collapse last night, arnid newf fears ahout the loyaist
ceasifire after Protestant paramilttary prisoneas announced they were withdrawing support for
Japan chemicats warninge Falling Japan chemicals warning: Faling.
domemettc ppiress. overrapacititg and siff Astan
competiton will weaken the crealt qualty of
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sevanned Pase 19; Pensions warnfng, Page 22 Russtan Commiminhats cofelebrats wine
Russia's Communikts celabrated a victory in wiekkend elections in the St Petersburg region. raising concoirns that the Kremalin's grasp on the
Russian provinces contd be weakened in several Russian provinces contd be weakened in sev Meabt-eaters tax propposiode A leading US
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Tokyo apenss up telocoms competition: Jepans totecom apithoitites have opened the
 age 5 : EU birth rate hits post-war. Lowe The bith
 Swriss vota for Mazr reviown Switzeriand's
lower house of parliament voted for a sweeping lower house of parliament voted for a sweeging
study of Swiss financial deallngss with Naza Germefore, during and after the second world war. Page 3
Australlan shooting 'not guthy' pleaal
Martin Bryant, the man accused of Australia's worst mass killing; pleaded not guirty to 35 counts of murder in a Tasmanian court follo Appendix operation for Pope: Pope John oremove his appenaisi. It will be his sisth
period in hospital since his election in 1078
 15 Britsh prime minister John Major welcomes his offcial residence at 10 Downing Strreet. Ms Bhutto is on a two-day visit to tha ci berare
travelling to washington to discuss reviving

Fr,come the FT weh site provldes online news. coriment and analysis at bttp://www.FT.con
STOCK MAKIKET WDDCEES
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## US pushes on with peace talks

Jevusy Dompsoy in
Calralam Sond Lionel Evers in
Barber in

## uxxembourg

 The US pledged yesterday topress ahead with a cructial
summit on the Middter







## Shake-up likely if Alcatel wins Thomson bid



Thoossands of French teacbers
march sesterday through the
the
then streets of Paris in protest
against gorernment plans to
 mainls primaries - Were
closed as similire demonstra-
tions took place in othen parts or the conantry. New head for
French unemployment fond
Page 3: German ind instris
ton failed to ask the Europeans
to the summit. Those invited
included king
 $\qquad$ Arafats gamble, Page
Editorial Comment. Page


Frigidaire frontal assault puts US in a spin qumaner Mickey Monese mis mace
 Ruth there one Nomid
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WITH A MASTER'S TOUCH AND THE TEST OF TIME

## Setback for ABB as $\mathbf{\$ 5 . 5 b n}$

 Malay dam deal is delayed| By James Kynge in Kuala in Zurich <br> Tha signing of a contract build a $\$ 5.5 \mathrm{hn}$ hydroelectric dam in Malassia was post poned for the third time ves the country's ambitious plans to briild what would be south east Asia's higgest dam. <br> No new date has been set for the signing ceremony to award the construction contract to an internarional consartium led by ABB. the Swiss-based inter national electrical engineering group. <br> ABB is confident the project the biggest in its histors. will go ahead. The contract is ABB will account for over half |
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Malaysia's Sarawal state, bas
provoked intense enviromemen

 the latest setback is unlisely
to scupper the project. It has reentrly emerged that
that Mr Ting is at odds with that Mr Ting is at odds with a
Sarawakian poiltcian
Woong Soon Kaif former presiNong Soon Kaik former presi-
dent of the Sarawak United
Peoples Paty (STPR) Peoples Party (SUPP) - who is
known to be a close associate
of Mr Mabatbir.
At the weekend Mr Ting said
that three Sarawak pers partialy conk newled by
bim ware being unfairy blamed ror being unfairly election defeat of unexpected Wong .
The SUFP, part of $M$ aly
 sculpurued in whure or yellow gold. they are azilable in boch wonenen's and men's sizes, providirg chronome


## Russian Communists hail upset win in regional poll

| By Chrystia Froeland in Moscow | dates have won two, while two therm- |
| :--- | :--- |
| Sbent local leaders, backed by President |  |




## Spin doctors take leaf out of Machiavelli's book


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Those who cooperate with DG BANK overcome obstacles with greater ease

- 豙denlably, today's business environ- to customized concepts. And that's where mentis more difficult than ever. Sooner DG BANK has much to offier Not only interor latarer one runs up against obstacles nationality, expertise and experience. But: best simmounted with the
help of an experienced
partner. Because moving
up inf,t the world is easier
together. - For which

a principle that makes
every customer a partner
in a singular way $\boldsymbol{l}$ we
call it the WR PRINZIP,
to which DG BANK and
reasoin you're at the right addresa with its staff are wholeheartedy committed.
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The WIR PRINZIP is rooted in the classic
of our value system. Here the natural seff-
tradition of the cooperative system :ink-
interest of both partners forms the basia Ing equal business partiners. And it has
of successful cooperation. Both want maxi- a great future. Because it exemplifies
mum prifft at minimum risk. What's called the central ldea of partnershlp: mutual
for fif optimal counselling service leading cooperation leads to mutual success


DG BANK ${ }^{C}$

Bosnia's presidency meets in Sarajevo Simname mont

 dency is anae of the crivcilil
over-arching inititutions
aimed at joining
 Croska Federation, min ale loose
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und
Mr Alija Tietbegovic Moos.



 | torical hero, to cultivate ties |
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| with religious organisattous |




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were the first to artive were the first to artive,
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back and forward


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forward for the tees the agenda he kida
forward for the . mpee
would be folowied
with hacion:



## MEPs set to ditch deal on chocolate,

## Hungary delays power sale

| By Virginia Marsh in Budapest |  |  |  |
| :---: | :---: | :---: | :---: |
|  | prises the national grid and | Hungary's Socialist-led | offlee. Mr Such |
|  | s sole |  | review would |
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| that the sale of | Talks over the price rises, | and to move to a costrertiec- |  |
| nny would only proceed |  | guaranteed 8 per cent return |  |
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By Vrgatina marsh Mr Tamas Snchman industry minister. spaid yes-
terday that the sale of the country's main electricity
company would only proceed The privatisation of MVM
has been held up by biter dispute over energy pricing
and by delays in adopting a
nuclear energy law. Until the first large energy sector government commissioner of the sector but now com- East Bloc Socialist-le made by its own enere orises stector but now com com-
Hungary
Hith and which are deene price rises wages. were contininuing real
last
wight between Mr suchand
wht betwestern utilities
which last year pald nears n for stakese in local earle
ity and gas companies



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## 

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imports to be sold,
 The European pariliament
looks set to ditch moves to looks set to ditch moves to
allow EU chocolate to be
called chocolate even when
it contains vegetable fat, pro-
 the Union for barriers within
A majority of MEPs act. sbortily expected to reject
any neww definition of ahoco-
tate. reflecting the views of Late. reflecting the views of
eight EU countries that
chocolate conntr choocolate can only be called
chocolate if made with pure

cocoan butter. | cocon |
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U side opposing any
change to the definition are
courgries such as Giomany
Crance Belogium. Itrayy and
the Netherlands, which ban France, Belgium. fraly and
the Netherlands, which ban
the use of veegetahle fat as a
pertion partial sumbstitute for coc
butter in chocolates. Seven countries ara in
favour of change. micluding Britain. Denmark. Sweden
and Austria, which allow the and Austria which allow the
nse of a smbstitctue to cocoa
butter. butter.
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proposal proposal would allow the
name chocolate to be used
on ail prodncts with up to on all prodncts with up to
per cemt vegetable fat. Counperes woold not be forced to
tilow the manotacture of the allow the manofacture of the
chooolate with vegetable fat,
but would have to allow
 the parliament and rappor-
teur for the groap.
chocolat the
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 ing agas t the yroposal and
202 inf $^{\text {faviour }}$
MBRS against
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The vote wil further delay
Erropean Commiseion European commiseion
ampaigm started three and
anears ago to find a new aif years ago to find a new
effnition for coocolate.
ack of common Eu rules has led to some meraber shates
chateres
table tates.




## Austrian tyre workers fight plant removal

## ey Eric Frey in Virma  <br> Himself to the machines. Management $\cdot$ responded $b y$ threatening to respocknded resisting workers and even to shut tha plartin dow even to shut Observers fear that a physical cervers fear that a phys- spark violentation ociuld ther forelge cond deter fom investing in Austries By law. loccang police Auvoltra. obliged to assist the removel or machinery, tor Conitipe or tis the owner of the tant. But as the public plant. But as the pablic is nearly $\begin{aligned} & \text { muited in itis support } \\ & \text { for the Semperit stafy, the }\end{aligned}$ for the Semperit staff, the authorities would probably sthy away from any drastic  south of Vienna is economi- caly depressed and offers it- tle alternative employment to redundant wermers.. . Onie the nagship of Anstrian industry. Semperit was acquired ioses. plant ge 1985. But th plant generat in recent ye some conse years. and prov loame consers have sutive pub ntern eboruld be bravented investo porting $a$ healthy enterpolit at risk tor the the higher profits. Bu out ont thate economists poin labour costs and in its its sales hig In its solest to and Japanesect makkers after Austria joine maskers after Austria join the Exropean Unto gives Coptinention a son to movental lowercost sites. <br> YKK <br> More Than Just <br> a Good Zipper... <br> Our Advanced <br> Architectural Products Are Changing The Face of The World

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## Arafat gambles on Washington summit

If the Palestinian leader comes away empty-handed he will be in trouble at home, writes Judy Dempsey


## World Bank launches fund to cut poor nations' debt



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## Chastened Congress goes home to seek re-electon

Ey Jurek Mertin in Washington

## Canada's military finds itself under fire from all sids

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dmonton shopping maill tim northern Alberta are told
that the Ahildren's play-
ground has more submarines - and more modern anes No one is laughtng, how.
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may be its most severe Canada's Nato Canda Nato allies are is The simmen." inde challenge nhappy at what they per.
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suppliers have vented frus-
tration at the Liberal govern. nent's inactlon in placting
promised orders.
What is more, question What is more, questons
hang over the future of the $\qquad$




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AMERICAN NEWS DIGEST US union deal with Chrysler
 armangement late on Sumday as it annfunced a tentative
labour pact with Chyrsler.
The three year deal, which needs to


 in its componnent plonts.
The fact that the Carys $\qquad$

 confict with General Motors, the OS's byest car and
truck maker and the fnau manuacturer the bargaining
round. GM, with hieher labourr round. GM, with bigher labour costst thay tits two smaine
rivals, is still in the mid dst of an overhaulf its North
 Mutual fund reform heked US House or Representatives has approveqhanges to
state and federal securities legislation deshed to The move will reduce the involvement of it it industry
 This responsibility will instead rest solely ithe hancuis of
the nationar reculator, the Securities and Ehange Commission, though state recclatorss will st bee involved
in polising local m mutual funds.
The bill due to go befor in poikicing local mutual funds.
Phe bill due to go before the
eliminate the
 current SEC and local regulations are sometyes
contractictry, but since mutual funds are mkete
across the wbole country across the whole country, indivivtuals state rue ecten force
industry-wide changes to the struct industry-wide changes to the structurave of mula can forcans.
For example, if one state rules that a certaim cannot be emcluded in porttolins, national marting of
tunds invested in that commodity becomes ex
 produce -a a niform national product, staid Mstivabeth
Tower of the Investment Company IIstitute, trutual
tund ind ustry association.
ValuJet back in the air
 atter a 15 -week grounding by the government ing pred
when one of tis aircraft crasked in Florida, killitquip
people
 scheduled Dights to Washington and thi
Ford Lauderraale. Orlando and Tampa.
Analysts sal Vill





## Publishers warned on electronics＇gap＇

|  <br> Tratitional publesers conte | Many big companies＇fail to invest in electronic marketing |  |
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| is necessary to sustain long <br>  the study says．The findings <br> The average expectation of direct（ 815,600 ）KPMG <br> research Erm Kable found who use the Net have been |  |  |
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## Antique image fails to lure the young

Thatched cottages and quiet pubs are insufficient to compete in modern tourism market


UK NEWS DIGEST
Shares system to be sold

## The London Stock Exchange yestarday announced an

 agreement to sell its Sequal electronic trade conffimaitlo service as part of its effirt to concentrate an a smailernumber of services for member Erms．The announceriont number before the prbilcation later this week of the ．：
exchange＇s proposed new rulebook for ordied diviven trad． exchange＇s proposed ner
ing in London
Sequal，which provides electronic confrimation that a
as share trade has been executed as well as associnted ijifor mation，has been sol t ive confirmation syptem called Oasss Global．Thomson has guaranteed to the exchange
that it will keep on operating Sequal separately from that it will keep on operating Sewial separately from
Oasys in the short－term But tt will eventualy merge th Two services． The terms of the acquisition were not disclosed．but：
Sequal has been losing monev．Mr Alustair Hazeril Thourp seqnis managing director said the deal would＇redice
oncertainty＂for market osers in London．John Gapper C FILM INDUSTRY
France is biggest customer France is the biggest international maiket for British
films．which have higher box office receippts there than in

## Wide screening



| the UK，according to a survey by Screen Intemational，the |
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| film inductry magaztue British films took jopst over $\$ 60 \mathrm{~m}$ | film inductry magarine British filins took jast over $\$$ Soim

at the French box office in 1995 ，against $\$$ ssmin in the UK． In 1994 they took $\$ 55 \mathrm{mem}$ in France；$\$ 555 \mathrm{~m}$ in the UKK and， －PRISON SERVICE
Governor leaves post in protest A senior prison governor is leaving his post todiay in pro－
test at budget cuts and the parity politcal point scoring test at buaget cuts and the partit poincal point scoring
 Weet Sussex coast in southern England，ssid the problems
facing management of the service had now reached mifis facing management of the service had now reached crisis
proportions．
As recently as 1992 the Prison Service seemed to be in reasonably good shape，＂he sadd＂Now it is on the brinks
of catastrophe，and staff at all levels are thoroughly tis．




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E Politulos - by Stephen Fidier

## Graft gets riskier

Government faces more local and vorld media in the past
The 1980s left the party of
Panamas didetators in a Shambles. As the currrent
decade dawned and panama decade dawned and Panam
counted ths cost of he
invaston of Decermber 1989
 Democratic Revolutionar
Party PRD) would eve
again be voted into offlea. again be voted into oflcee
Thas PRD was created in
the 1970s to become the party of powwer. in ememe the tho
of Mexico 'institutione Revolutionary Party. It $1 t$
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Torrijibs who renegotated In
the Panama Canal 1977 the Panama Canal
treaty with the US and who
died In $a$ lasi aircraft crash and of General Manue
Norieat depsed ty the US
in Decemberser
 serving a 40-year sentence in
a पus jal
and mooy drup rafficking charges.
As Panama's economy
deteriorated during the
lesor deteriorated during the
19nos, trind take growne
and more obvikus electoral and more obvious electoral
fraud to preserve its
power. Whan on results of the May 1889 elec
tion. mbich had heen
annuiled by Noriega annulled by Noriega, gave
the oppostiton sit eats and
the PRD-led coalitlon six come the PRD was quick come back, helped by a lack
of pubick farth in the govern.
ment of Fresident Guillerm Endara the wht cuillerm Endara, the victor of the
19392 prestdential election
who was sworn into onfe a US malitiary hase at the the
start of the invasion. Mr Endara's goverameot was
weakened hy cormution alle gations and divisions among
his moverning his governing coolition
whose members started fac toonal infightityg once their comamon enemy. Arias Caldergn, to Rurardo
Democrat who was Enitian former First wice-presidident and who resigued his post in
December 1093, the Endara
government's achieven government's achievemen
was to consolidate democ and

## - Financial services - by Stephen Fidier

## World moves on

Panama has been
left behind with left behind with its numbered questions asked questions asked
Panama'a Enanchal sector.
which acoumbs for about


 nation that is proving hard
tn erase, and changes to the
global bankig busines that
auceessive governmsnts appear not to have under-
etood. have combined to
 some sisbm; a year later hee
number of opeating banks
reached a high of 129. By the reached a high of 129. By the
end of 1838 as the Noriega
era was compg towartigts
close and with a US embargo




It is a business relationship only: nobody over in Colón Nowhere le the contrast
hetween the twro Pranamas
mare stark than more stark than to anas
around Colon at ic end of the canal Allan-
This is the home of the
Colon Free Zone (CFZ) warnhowsee of Zone (Criz).
woodies. Each werld's goodies. Each weekdey
morning., huyers arrive in
droves on the mar droves. the eman Aeroper-
las-operated flights from Panama Chty to place theer
orders. By 4.30 mm , they are boarding the 15 -minnte
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Nohody the capital. Nohody wants to over
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muggiogs and digbt in Colon Roobberies,
muggiogs and drug abuse I) could well reducis emplo


## Decaying warehouse


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finate operation. sal
Julian Tottr, aleputy chie




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## - US militiary base withdrawals - by Sally Bowen

A sense of urgency

The 'second independence' turns out to be a mixed blessing Three weeks ago, the general
commanding Panama-based commanding Panamazabased
US Army South removed his us Army pouth removed his name plate from the front
door of the Fort Amador res
idence that has housed idence that has housed 20 of
his predecessors since 1949.
an his predecessors since 1948.
On October . Fort Amador
becomes Panaman becomes
tory again
In whs
 2,000 ha of US mideme military Canal Zone are "reverting Witharamal. has beaggend
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Fort Amador is Fort Ampador is the "f "jewel
int the crown", 84 ha of prime In the crown", 84 ha of prime
waterfront real estate with
hree lust islands linked by US army-built causeway.
here aire ambitious plans st
uinto an upmarket cenarte, with a a convention shopping
malls, timeshare viliss terminal for cruave villas ships. It om the capital. Ardition Barletta, once Nicolected president of Panama an
now beading the Inter
ceannic Regional Authorit ARD, Regional Authorit agency iharg
ith incorporating th everted" areas, there a nador involving in Finvert-
nent of szoom im six years. Koren-Americans
Al being stigned ${ }^{\text {He }}$ he said
Although the Although the " He sait
rawal has been planned fo
amost two decades. it at any sense of yurgenc it as descended. Sudrgency,
anamanians realised the Panamanians realised the
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mated to contribute ated to contribute up to 5 Panamanann are employed
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1.000 indirectly.



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welecome change in image for
what is now the world's largest registry. hut one which
has for years beenc cricised
for 1 axx safety standards.
 $-2$
 registering n new, larger ves
sele, which raises overall
technical standards he may A new law passed in July
195 gives incsoouts of prto
00 per cent to shipowners 20 per cent to shipowners
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Panama is also trying to lure vessels registered else
where. The drrectorategen-
eral can waive fees for the frist year for shlp-owners
who sixith providing the
vessels remain under the vessels remain under the
Panamanian Iag for a min


PANAMA


At the Crossroads of the Americas, Panama offers a Wealth of Investment Opportunities
Spanish Congulstadors fought over the riches of Panama what many Investors are discovering today. paname ofters weath of opportunity - not only in gold (the Petaquilla gold-and-copper mine is estimated to be worth USS800 million) but in beautiful beaches, priceless sunsets and a pro-busines covernment that welcomes investors.
$\qquad$ the lend surrounding the Panama Canal, the country has Indertaken the largest resi estate project of the century. At ARi), en aqency created specticically to promote and cordinate Investment In the Canel areas.
$\qquad$ international bankling center, the largest free trade zone utside Asla and e steble, doller-based economy. The overnment of Peneme is committed to modernizing the martime end tourrsm laws, privatizations, and the creetion business incentives.
The Panama Canal areas ere Latin America's best Investment opportunity. with thousands of bullidings, roads, electricity a a plentifui water supply, this reglon is perfect for hoter velopment, eco-tourism prolects and Industrial parks as
nd qrowing business
opportunities are causing investors to take note. Evergreen, adisson Hotels, Stevedoring Services of America and United Enterprise Trust Group are Just a few of the companies derteking muitt-millon dollar projects in Panama today.

mum of for yeers
Even thoush forithon entry to the WTV has



 The number of registered Panamas existing tourist
vessels in Sepastructure is inadequate

 bend to more more than lina
gross tonnes.
Optimists
predict

> a boóm Enricue Pesanter has been
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best, foreigners assoclate his country with the canal and
duty-free shopping at worst, with troops and drug "Panama hasian unusual
mix of native cilture, rain mis of native cuiture, rain
forasts. adventure toorism
and impoiled.teaches." says. The dollai' currency
and the fact that most
pal Panamantians speak English,
edds to the appeal for the
North American tourt


## \section*{Decisions attract} <br> Decisions attr

Electricity, ports, rail, telepnones are all on' the list As a heavily"service-based
economy, and ulike most
other Latin American moun other Latin American coun-
tries, Panama, has virtuany
no state-owned industry. Ao state owned industry
Apart trom e ement factory
anready privtitised and handuy privetised and a
hunges such as a
suill andia racecourse the current adminisistration is
concerned with
trassfor
 private sector żnd attracting
much-needed investment much-needed investment
'Our economy cannot
resolve the problems of pov.
erty and erty and unemployment by
selling amoong ourselves."
says Guile says Guillermo Chapman,
planning and eccomom min.
ister. "Privatisition of our ports will saise expendifture
and increase revenues. The
same with electricity and
sal elephones".
ing the case of prift-mak-
ing stateowned telectomanunications company Intel. MI
Crapman amits the state
vill suffer some reduction in will suffer some reductlon in
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that. he expects net income that, he expects net income
to grow steadiy.
To date. the greatest privances in in infrastructure
ports close to bave heem in in ports. Close to colon, at the
Attantic end of the canal. ste
spanking new gantry cranes 3nd towering stacks or ocon-
tainers bear wituess to the


Teminail (MIT).
A joint venture between A joint ventore between
Panam's Motores
cionanternaMased Stevedoring. Services,
MiT obtained a
 mase in in ros-ro bitial livest-
ment and
container faclities exceeded 3120m: the second-stage
expansion
involves another sier
siome involves another sioom
Close by at coco Solo,

 will have capacity to unload
two of Everereans largety
container vessels simutt.



## Tmeanal bsantam The 'road' to riches

As US handover nears, Panama gears up for a
slicker operation In the control room at oparations proceed as as
smoothy as the giant ships
glide throush the massive
 original brass gauges
instanled In 1914 and.
canal, built to last At noon on the last day o
the century. control of the
canal win pass to Panama
 Aleman, the neys newly-ap-
pointed administrato the
Panama Canal Commisslon
 Canal is going to be our
mostimportant industry. We
must be costefficient and
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They can be reassured weil
take very good core of
 Bowen
$\qquad$ two-stage 16 per cent tol
increase will not be the last
but Mr wilena vow the
canal will not hecome
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tors and gives the new Pan tros and gives the new Pan-
ama Canav Authority presi.
dent a cabinet seat. Canal authorities expect
core business to remain
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the transfer. Handing of ${ }^{\circ}{ }^{\circ}{ }^{\circ}$ 8 couple of yearar, in and the pastic
to and from the fast-opening
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America is also growing.

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act criticism.


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Martin Wolf
The danger of dithering

The UK＇s indecision about joining Emu is tantamount to a betrayal of
democracy．If the choice is being in or out，on its own，it is better to be in
The Uk sions sumplam or
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 away．They win not．
The ebice
wbether the ove bbould join
Europan Uekonomic and
monetary union when it Sweden．Even Italy and minus is being in or out，on its own，it
 will Emu happen，bot vrit
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Ifow yeare
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All sball win the auro coalition of＂outs＂are Just
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phen few member states are when few member states are
likely to pass the test for
membership of the singia membershhp of the singla
currency cleanly next year？
Precisely because of that，is the answer．
the answer．． Even that paragon of vir．
tue，Germany．will tail the
strict test on indebtedness－ strict test on indebteannss
that gross government debt
shourd be 60 per cent or less shourss domestic product．It
of par even min
mat may even run a general gov．
exnment fiscal deincit tm
excess of 3 per cent of GDP.
 he iscaa
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if
gif member states were
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tually nobody tually nobody would be vin－
not Austria，not the Nether－
lands， lands，not France．not even
Germany and certiniy not
Belgium．Only 1 Ittle Luxem．
 ha But that is not going to
happen．give the ditermi．
nation of Mr Heimut Kohi． nation or Mr Helmut Kohl．
the German chancellor，to
achieve monetacy achleve monetary union．
If all these countries are to be let in，then so in are
probability．are Finand
treland．Portugal Spain and


Personal View Jacques de Larosière
In partnership with the private sector

| The multilateral development banks still have an important global role to play | sector＇－as the Furopean Bank for Reconstruction and Developmant has done in central and eastern Ehrope and the former Soviet Union． Many ask whather the development banks should not leave pivata financiag | parinershipe thair involve mitnt ingtio confifdence between governments and investors；＂and they ean share the risis with the prl sate pariner <br> To work affectively with the private sector，the devel |
| :---: | :---: | :---: |
| Private capi－ tal flows into davelopine | to the private sector：I believe their presence can unlock financlog which | opment banks require clear operational principles on project selection．Adherence |
| \％ch count ries | would otherwise be unavail－ able． | to sound banhing principles |
| iile multilaceral years． | They hava sp | anancially viable，allowing |
| er remeined，steady．Of | to take risks that so often | Ensuring the financial vir－ |
|  | term financlng．Tiese are： | billty of projects has not |
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| 11 per cent came from mintit． | ferred creditor status；con－： servative gearing and stroag | development bank <br> future，it must be． |
| There is every，indication | support from sharehoiders in | It is maportant they do not |
|  | the industrialised and recipi－ |  |
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|  | Reletionships－their | te |
| and a tals－they do not provide |  | world not act on its own． |
| fands imdiscriminately． |  |  |
| These changes |  |  |
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| Ma | tanc．Wrhout such support | is 2 |
| ed to ettract private | get off the ground． | however，the banks |
| and need help to do so． | There are＇various ar | build an their strengths |
| ds does |  |  |
|  | banks and the private sector | With fo |
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| de alleviating pover | de | sure，these sca |
| moting economic grow | finance to private | must be used where they can |
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| ant But they must adapt， | to promote the ava |  |
| H1c－sector | There is maormous $p$ | The niuthor is president of the |
|  | 隹 for inifrastructure $p$ Pr | n． |
| dere are |  |  |
| S．First they can |  |  |
| help governments create the | well placed to encouraga prit |  |
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BUSINESSES WANTED

| BDO Stoy Hayward are advising management teams with financial backing looking to purchase businesses in the following sectors： |  |  |
| :---: | :---: | :---: |
| i）Food manufacturing． |  |  |
| Pet Food distribution and manufacturing． with turnover between $£ 5 \mathrm{~m}$ and $£ 100 \mathrm{~m}$ in the UK． |  |  |
| If you are considering selling your business，please contact，in confidence：Grahem Norfolk，Corporate Finance Partner， |  |  |
|  | Expert advisers to <br> growing businesses SCUARE，MANCHESTER，M1 5BH 01612286791 FAX： 01612281545 |  |




## TNANCIALTLMES <br> Wimber One Southwark Bridge，London SE1 9HL

 Tuesday October 11996
## Netanyahu＇s obligations



## Euro－reform

A thorough nverbaul of the
European
Commision＇s
Eurwitment to lifetime career to which EU crititracs and in an aim ensure that jobs are genuinely

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## COMMENT \＆ANALYSTS <br> Big can still be beautiful

Although the Hanson era is at an end，a new breed of conglomerates has prospered by adding value，says Tony Jackson

T




Hanson：the spending spree takes its toll


家官





官堅品


## $\stackrel{?}{?}$

$\xrightarrow{2}$
## Chancellor who？



## Row over workers' benefit cuts escalates German union warns of lengthy strike action

| By Wolfgang Mūnchau in Frankfurt <br> Germany's industrial dispute worsened yesteriay as engneering employers told unions most fringe benefits in employ. ment contracts. <br> IG Metall, the engineering union, retaliated by threaten ing strike action on a scale similar to the 114 -day stoppage in 1956-57. <br> The employers' decision underlines their determination to challenge several sacred relations, inciuding entitle ments to generous sick pay and holiday bonuses. <br> It comes after several compa in sick pay as from today, as a change in German law takes place cutting statutory minimum sick pay entitlements 80 per cent. <br> The employers' tough stance has triggered an intense public debate about the whole future |
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## Crisis at Olivetti deepens as debt nearly doubles



N Ireland peace talks appear close to collapse
By John N
montin
T The peace talks on the ffutree



##  <br>  <br> 



## 



## Elektrowatt announces restructuring

| Willam Hall in Zurich <br> aktrowatt the Swis glomerate that recently $t$ over Landis \＆Gyr．th up．yesterday announce najor restructuring，and －yaar net incoma 90 m （ $\$ 71.8 \mathrm{~m}$ ）．despite 2bn rise in revenues |
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| that after adjustments for the new provistons，Elektro would be similar to last year＇s SFr210m． <br> He said the group had met the targets set at the time of tha Landls \＆Gyr acquisi－ tion，but it was now neces sary to create tha basis for sales and profits at the new Elektrowatt Group． <br> Tbe restructnring speculation about the fature of Elektrowatt，whose shares have risen 17 per cent this year．CS Holding Switzar－ land＇s second biggest bank， wants to sel its 46 per cent stake in Elektrowatt to help |
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\section*{Scor＇s roadshow rolls on with global strategy <br> | acques Blondeeu is in the middre of a hectic | of turnover comas from North America． <br> We were too small in the | activity and image＂that the parent company be traded |
| :---: | :---: | :---: |
|  | US and liooking for e comple－ |  |
| the final part of his strategy | mentary portfolio．＂ | now－dies |
|  | ${ }_{\text {par }}$ | P－and eq |
| irs．both＂large | through its New York |  |
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| e us Securities and |  | when the group was directly |
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| per cent of its shares．an | attempting to build up a sep | pany and was unabie to pro－ |
| aome $\$ 300 \mathrm{~mm}$ for |  | ney from elsewhere．＂The |
| er．the French insur | ushed relationships． | state was not a very |
| P．The shares will | He argues that a balance |  |
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| gradually been diversifying |  |  |
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| bolder base as pas | the |  |
| ts to mathtain an in | the re | insurers bound toget |
| role in the fast－changing | nies are＂good for headlines＂ | pact． |
| world of reinsurance． | hut |  |
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| ， | want to insure bicycles，＂he |  |
| cts | Hence Scor＇s focus on the |  |
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| local offices． | tha |  |
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| That explains its recent |  |  |
| branch openings in Brazil | explain the group to foreign |  |
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| reasoning behind the group＇s |  |  |
| 8500 m acquisition of the | last year the group withdrew |  |
| reinsurance arm of Allstate | its US－quoted subsidiary | structure of owners． |
| US insurer，this su | from the market．But Mr |  |
| ch now means one | s |  |

## US－led group

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Andrew Jack $/ \begin{aligned} & \text { machimes subsi } \\ & \text { striping supply }\end{aligned}$
Cost cuts lift Benetton earnings 9\％but shares slip

Benetton the Italian clothing
group pushed dup net profit in the




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We re pleased to announce that

Carrington Pembroke Limited
has become a pat o

ABN AMRO Hoare Govett
operating under the name of

ABN AMRO Carrington Pembroke Limited

ABN－AMRO

| We are plesed to announce that |  |
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| ABN AMRO Carrington Pembroke Limited |  |
| mex 386 | $\begin{aligned} & \text { ABN AMRO } \\ & \text { HOARE } 60 V E T T \end{aligned}$ |



Merger of Aker and RGI stalls




tutions．could be resolved
witbout a costly takeover Aker＇s B ahares fell RGI shares were unchangile
at NKr66．50．Negotlationd srove down whenations
refused owaccept that the
valuations of the two compa nies should the two compa－
mium on an Ale e price．
nce Fobruary，RGI bas
t NKr．15bn buying upa
ter cent stake ing Aker，

EUROPEAN NEWS DIGEST

## ARD to market digital TV decoder

## ARD，tha German public sector broadcasting network， plans to market its own decoder box as part of its stratege

for digital television．
Lor dhe move marks a further stage in the likely demise of
MMBG，the dipital pay－TV consorticm between ARD， MMBG，the digital pay－m cortelsmann，Canal Plus，the French broadcastivg compuany，and Deutsche Telekomi， the soon－to－beprivatised state telecoms company．
was estabished to develop a uniform decoler and ： vor all but collapsed atter Deeutsche Teiekom withdrew
weeks agoto concentrate on marketng its own box： Wehs ago decoder box，which is needed for the reception of
the digitaly transmitted signal，would be launched．nexit the dijitally transmitted signal，would be lannched nexit
April at a retail price of about $D$ N 200 （（saisi）．The decooder Aprii ata
for
DMB90．
Mr Jobst Plog，head of North German Broadicasting－－
 rivals which have been nvesting in the developmento t，
ideglal payTV，ARD would not be charging for the ：


Polish copper sell－off on track A consortium composed of UBS，BZW and tha Poilish
Wielkopolski Bank Kred towy yesterday signed a
 serting in int orain what
privatistion to dat
 Poland＇s privatisation ministry before it is imaingamated．
with a
newly created state treasury，which will have． responsibility for holding and selling state－⿰亻弋ineed
companies．It puts the KGHM privatisation on track for Last year KGHM repo Lats yeir KGHM reported a net proft worth 513.7 mm
zlotys
（S183m）on sales has said it intends to sell stakes to investorrs at hoome and
abroad while retaming overall control of the combine， $\begin{aligned} & \text { abroad while retanich is expected to be valued at ebout sti．5bn } \\ & \text { Chistopher Bobinshi，Wharsan }\end{aligned}$

## Degussa wint in US purchase

 Degussa，the German chemicals，precious metals andpharraceuticals group，said vesterday than tits Asta



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\begin{aligned}
& \text { anthorities. } \\
& \text { The } \\
& \hline \text { Tmon. }
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The groap sad the deal would be inanced mainly trough the issue of about $630,000 \mathrm{DDOgussa}$ shares，which
translates into abut DM3．5m（ 820.7 mm ）of base capital．It Muro spectivises in
Muro specialises in over－the－counter respiratory drugs， people and has annual sales of about $\$ 120 \mathrm{~m}$ ．Degussa sald
the acquisition would 4 ＂sigificantly strengen Ast Medidecs pposition on the international phapmaceutical market＂However，investors wier inimpressed，and

Krupp sells steel trading arm Mrupp，he German steel and engineering group，
yesterday sold tits iteel trading activies to Stines
interfer，a subssdiary of the veba conglomerate； with drawing from a market inn which it said it was too
smail The sale marks a further dish its al by Krupp which
has been restructured has been restruccurred extensively yn recent yeerr，．The
Esseh－based group deched to say bow much it had sold

 market is extremely competitive and in the long run wa Stinnes，already one of Germany＇s largest steel traders with sales or more than DM2bn，said Krupp＇s activities
fited well with tts existing sites，especially in northern
Germany．Since Kiupp is also the worlds
 company said．Michael Lindemarn，Bonn
Pármalat pre－tax rises 64\％



Roche in＇flu drug R\＆D deal

 passes product deveriopment payable as the collaboration Onder the terms of the deal，Gilead win do the researe

 edical area．
Dantel Grine

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## Acer chief urges PC-makers to narrow focus



Nithipat looks at takeover of Bangkok bank

| Ted Bardacke Bangkok | decision is expected two weeks. Nithinat Capital its |
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| Most of the stake w |  |
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## CANALT

INTERIM 1996
NET INCOME UP $16.6 \%$

- CANAL+, Europe's leacing poy-telewision group, said that its Board of Directors had dosed by $8.3 \%$ over the period, while interim net incoma increased by $16.6 \%$ to FF 386 million.
Hightights of the coccunts were os


Consolidated revenues increased by o very satisfoctory $8.3 \%$ in the fints half of 1996 , led by
He good marketing performance of CANAL+ ond the succes of CANALSATELTE in Fronce. the good marketing performonce of CANAL+ ond the succes of CANALSATEUTE in Fronce.
The April launch of the digital semvice only intensified the growth in CANALSATE LTEE subscriber porifolio, whose recuitments from Moy to August surged $85 \%$ from the same period
By the end of the period, the number of new subscribers for exceeded initiof forecasts.
Pursuing ternds observed of the end of 1995 , the French channel is in excellient financiol health,
wish operiting margin showing o signiicant gain to $26.1 \%$ from $21.2 \%$ the year before. The
improvement refest improvement refects efficient manogement of hee chonneis moin operating expenses, particularty
 results.
The increase in operoting income offset the decine in income from ossocicted componies, which
primarly resulted from the consolidation of CANAL+ Poland over the fill six months ond the recording of non-recurrent items in CGV s results.

- Afer on exxeptional charge of FF 31 million related to provisions for contingencies on certcin
investments, net income affer minority interests amounted to $F 386$ million for the period, on invesiments, net income aliar minority intrests amoung.
increase of $16.6 \%$
- The Group's financial position remoins very heollty. Consolidated cosh fow of $\operatorname{FF} 1,445$ million
omply contributed to financing on-going operations, as well os the buy-back of minority interests
 eash position, net of
nearry $F \mathrm{FF} 8$ billion.
- The parent Company's sound commercial ond financial healht, the improving conlibution from
the foreign channels ond the furnoraund in Le Studio CANAL + 's position should oll continue in the the foreign channels ond the Iumorsund in Le Studio CANAL''s position should oll continue in the
second holf. On the other hand, expenses rellted to the April lounct of digital services will hove second holf. On the other hand, expenses rebcted tothe Aprii leun wh of digigul sevicices wilt hove
on impoct on the entire six months of the second half, compared with fust woo months in the firs. Based on these fortors and the seassonol nochure of the business, tha CANAL+ Group eupects to


## Japanese warned on ratings



 cations for Japanese corpora-
tions, a report by Moodys Investors serryce, by tho credys
ratitg agancy, sald yester.
day. day.
Corporate pension funds
have suffered dismal returns on thetr investmentreturn a
result or low interest rates in
the past few years, and they bava baen forced to re-
examine thetr investment
criteria, the report

Taiwan telecoms bids roll in


domestic PC and the mobile
PC woold have to be fallPC woold have to be fall-
function machines, but PCs
for business could be net. for business courd be net.
work computers, recaling
an era when staft used dumb an era when staff used dumb
terminals connected to main trame computers.
Mr Marco
Landi, chief
perating oficer of Apple Compnter, rejected sugges. tions the company worid go
out of business or become a out of business or become a
niche manufacturer. .fe said
finances ware ninances ware aecure and
operating expenses Were
bing cut by between $\$ 300 \mathrm{ma}$
 Amelio replaced Mr Michel Spindier as Apple chief exec-
utve this year. Mr Land
was crtitical of Apple's previ-
 hasimess, that home asn sedi.
cation and said a sizm comm-
pany should not be manamged pany should not be managed
like a starter. For the first
time Apple bad like a starter. For the first
timee Apple bad "total
accountability and clear accountabilit
measurabilit

Village and Packer in Sega tie-up By Nikki Talt in Sydney
vilage Nime Leisure, a joint Venture between Australia's and entertainment cinema
and
and and Mir Kerry Packers's Pub-
lishing and Broadcasting,
has signed an exclusive dis
 Sega Enterprises of Japan to
distribute VIdeo game prod
nct nets throughont Australia
and New zealand.
Distribution will ba banDistribution will ba han-
deed by new joint venture,
managed by VNN but jointly
 resented a "shift in hirec-
tion for Sega which had
previously deait with inds. previously dealt with indi.
Vdiual distributors in Aus.
tralia tralia jotnt venture also
TThe anes on the heels of a court
col Comesion ine heels ora court
dectision in Austraia wwitch
affirmed the copyright con. athirmed the copgight con-
tent of vide ogames.
Both companies said they Both companites said they
szo the veniure a sa dtrate
gic aliance", but stressed it wiculd not atfect their sepa-
rate enterainment centre
developments. villaga and developments. villaga and
tbe Packer proup forned
WNL several years ago to
Waild $a$ series of large baild a series of large
antencity ind indor entertanin.
ment developmens. mainly
in shopping centres, in Austradia and oversees.
Segan. meanwhile. is due to
open an interactive theme open an interactive theme
park at Daring Harbour, in
central Sydney, next year.

## ASLAPACIIC News Digest waive Y1,700bn

 housing finarce loan compandes in the flrst half to
September. The banks sald the move would not affiect September. The banks sald the move would not aftect
their earninzs foreast for the year to March 197 , as they
had already booked suffictent provisions for bad debt had already booked sufiflent provisions for bad debl
write-efs. writeofiss. Bank waived the largest anotmt, Yzobn,
followed by Sanwa Bank, which waived Y24sbn in cla
 Investor reveals Astra stake Mr Prutra Sampoerna, the tobacco entrepreneur, has
disclosed he wns 9, per cent of shares in Indonesia's
Astra Interntional following heavy trading in the Astra International. foylowting heavy trading tn the
carropoplantations conglomerates stock last week. In a
 stpervisory board Mr Sampoerna said he bought the
shares because of the companys atrictive and well
diversifit bustmess plans of horsidined bustmess of plans". Bapepe than 5 per cent.
The tate The statement has sot temperent talk, bowever, that Mr
Sampora may be atring as front-man for tha enitry of sampoerna may be acting as a front-man for tha enitry of
other politicall powertal shareholders. His lister sadd
that,
 erowth and de
Mr Sampoerna bought part of his stake in Astra trom
Mr Henri Pribadid who untial reantly held 8.26 per ceant
throught the holdings of Number 6 Enter through the holdings of Number 6 Enterprises Itt. Other
details of the composition of Astra's princtial shareholders are expected to emerge when Astra Ines its
share reesisty to Bappeam The company's foreign shares
yesterday closed unchanged at Rp4.550.

Volvo sets Asia targets Volvo Car Asia Paciricic is aiming for annual car sales in
Asia, excluding Japan, of 50,000 units. more thazo double
 president of Volvo Car Asia, said Mitrubish Motoras was a
proppective partner in tha region, as the two companies
 As parto f its Asfign strategy, Volvo has recently set up
an Asia-Pacific headquarters in has been ruming assembly 1 Hnes in Malayssa stace 196
and in Thailand since 1976 . Volvo will focus on the developiment of specific products for the region. The
company expects 7 per cent of its Asia volume to co company expects 70 per ceant of its Asia volume to come
from markets in Thailand Tawan Australia and Korea,
with Malayssa running a distant fifth. Three-way split for Tenaga Tenaga Nasional, Malaysia's semi-privatised power
utility, is to tivide its operations into three main
divisions as part of a restructuring Mr LLo Mogie divisions as ppart of a a restrucucturing. Mr Lee Moggle,
minister for energy, telecommunications and posts, s minister for energy, telecommunications and posts, said operations would be handled by separate potts. Howev
the units would remain part of Tenaga's corporate structure and would not operate as separate compante
Mr Mogien's sermarks werie the first Indication of the government's plans for Tenaga since a peniosula-wide blackout on August, 3 prompted Dr Mahathir Mohamad
the prime minister, to call for an independent study on ways to avoid future power cuts.
Some govermenent officials have Some government officials have suggested that
breaking Tenaga's transmisslon and dustribution monopolies might be advantageous, but no decision oni:-
this has been made public.
Dentsu opens Seoul office Dentsu Japan's biggest advertising agency, is to operi at
new bustiess sales office in Seoul. The company said totial advertising expenditure in South Korea in 1995 was $\begin{aligned} & \text { \%6bia' } \\ & \text { the largest in the Asian reglon after Japan. Reuter, Tokija }\end{aligned}$

## Where do <br> smart insurance companies go for their insurance? <br> <br> hannover re

 <br> <br> hannover re}A global leader in reinsurance
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## DSM 13

US $\$ 400,000,000$
Multicurrency Revolving Credit Facility
Senior Lead Managers
Rabobank International Union Bank of Switzerland

ABN AMRO Bank N.V.
Banque Nationale de Paris
Critibank, N.A
Deutsche Bank de Bary N.V.
SBC Warburg
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Bank of Tokyo-Mitsubishi (Holland) N.V. Commerzbank (Nederland) N. The Faji Bank, Limiced
Lloyds Bank plc, Corporate \& Institutional Banking Agent

Rabobank International
London Branch


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BGB Finance (Ireland) ple
US $\mathbf{\$ 5 0 0 , 0 0 0 , 0 0 0}$
6.5\% Notes due 2001

Morgan Stanley \& Co.
UBS Limited

CS First Boston
Lebman Brothers
Goldman Sachs International
J.P. Morgan Securities Ltd.

Merriil Lynch International

Nomura International
Salomon Brothers International Limited
SBC Warburg

Sometimes, Being \#3 Isn't So Bad.
It just depends which way you're headed.


Trans'Texas Gas Corp. became the \#3 natural gas producer in Texas by increasing gross production $25 \%$ since August 0672 million cubic feet/day
Production of the Company's new development areas, including the Bob West North field and third-party-operated wells has increased six-fold to 290 million cubic feet/day since January 1 of this year.
NASDAQ:TTXG
For More Information. Contact Investor Relations (713) $987-\$ 60$

## COMPANIES AND FINANCEF LucasVarity acquires Boeing's cargo arm

| By 7im Burt | have approved the deal at their first board meeting last | ing market as elderly passenger aircraft are converted |
| :---: | :---: | :---: |
| LucasVarity, the Anglo-US | week. it is expect | to |
| onents group. is today | Lucas Aerospace one of the | In addition |
| announce the | world's largest manufactur- | Boeing, the deal win elve it |
| since its 53.2bn | ers of cargo systems for civil |  |
| ( 556 bn ) merger by accuib | aircra |  |
| the | Boeing yesterday- said the | for Boeing's 747, 767 ana 71 |
| Boein | move was part of a process | Company officials |
| The acquisition - for an | of its ontsourced compo- | the deal signals a continuing |
|  |  |  |
| talks between Boeling and |  |  |
| Lucas |  | ble disposal. deal Boeing |
|  | While the acquisition | Under the dea, Boeing |
|  | should give LucasVarity a |  |
| learged |  | 5 |
|  |  | Aerospace Cargo Systems. |
| rec |  |  |

Rank sells Precision


## Brent Walker

## Daewoo British Gas cool on Hydro

may pay
premium
for Lotus

## y John Grifitue

Daewoo, the Korean
industrial group, is poised
industrial group, is porean
to pay a snbstantial pred to pay a snistantial pre
minm to acquire Gronp
Lotus, the UK sports car and Lotus, the UK sports car and
engineering concer.
Daewoo urgently needs to onble its motor vahicle
engineering staff to 8,000 . It has been determinned to oot-
hid other potential tinvestors
 the 1,000 Strong engineerin
staff at Lotus, constdere
amog the worid's most tal
anted Daewoo is keen to expand
its deseign and engineering
iapabilites to rusb mio pro dnction the raschto pider
vehicle range needed to
veet tis ambitious target of car makers.
Under the terms of the
deal, which could be signed
dy deal, which conid be signed
hy the end of he wek.,
woo is ispected to pay some \$75m to Mr Romsmo Artioli.
the Italian entrepreneur ond corrent owner of Lotus.
This is well in excess of
the amount which other potential investors, inclind-
ing the Ricardo and May-
nower engineering consulancy gronps, have been prepared to ofter. was gen-
Horawever, thencertainty yesterday
ent as to whether Mr Artion
wonld snbmit to, what
oould be for him the rould be for him, the buni
etton sollign Lotas.
An Itallan compan Ahich. Italian clatumed, company intended
Wby the name and assets this Bugatti companies in
tand Luxemborg toth in recelvership - has
ot materlalised, leaving him still facing creditor
claims understood to total
more than $\$ 100 \mathrm{~m}$. Without the rescmer, wr Artioli con
be reagraded as baving
choice but to sell Lotus.





Arbitrator rules for Brent Walker

| id Blackw | be able to resolve any outstanding matters "without |
| :---: | :---: |
| Brent Walker pald 8117.5 m ( $\$ 183.8 \mathrm{~mm}$ ) too mp | further resort to the counts". Shares in Erent Walker |
| 0 Fmil when it boorght the | whose main asset is willam |
| rom | Hii |
| and Metropolitan | wh |
|  | shed ${ }^{\text {ane }}$ ap arbitration deciston is |
| day. | untikely to have much effect |
| GrandMet responded | on the |
| aocking off the 85 | elther eroup, however. Rrent |
| out 830 m of intere | ع1.5bn debt mountain |
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| go. That | more than elth, while |
|  | GrandMet is pasily able to |
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| provided for in the 1995-96 | ${ }_{\text {c2, }} \mathrm{sbn}$ of debt fromi cash |
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| ter to win than | ranted by GrandMet itor the |
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## LAW

 Witish Coal ghts uphel

## British Coal's

 rights upheld
##    <br> \section*{P.}

## 

INTERNATIONAL PEOPLE

## Treasuries slip on new home sales

| By Lisa Bransten in Now <br> York and Samer islicancar <br> in London <br> US Traasuries suffared yastarday from renawed fears of a pick-up in inflationary pressures. In Eurrope, a quiet session allowed marfrom the excitement of last week's bull run in tha peripheral markets, while to outperform bands. <br> "Large overseas funds gence trade, but not at these levels. it looks as if someone is pushing down prices in Spanish and Italian bond futuresj." one trader said. |
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## City of Yokohama oversubscribed



Bulgarian
banks 'vulnerable to default'
 The credtr standing on the The credit standing on the
long-term obligations of
some Bulgarian balks is some Bulgarian barks ise
just one notch $\begin{aligned} & \text { bway from } \\ & \text { defanlt, according to }\end{aligned}$ Yoody's, the US credit rat
ing ageny.
noodys assigned a Caa
 ity to defant, to long-term
deposits denominated for for-
eign carrencies at the
banks. This is one notect
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higher than the Ca rating
which Moody's assigus to borrowers that are bankriput
ormable meet their
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ing some $\$ 5 b \mathrm{bn}$ of existing ng some sion or exising
Bonds. Short-term det by
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 dificalties Buigaria is che
reatly factig ta meeting its
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tons, as well as the slow

 It added that the comemtry was carr frenom dependent on
crandinateral
agencies to meet tis external agencles to meet its external
debt service payments
estimate at The only way to prevent E
defant, according to Moody's, is for Bulgaria to
adhere to the stringent adhere to the stringent
structural reform
revinusures requitred by the matitiliteral
lenders", such as the World Banders, such as the Worild
Bew sources IMF A. Access to
Binancing new sources of financing sped and surcesses of the nee-
spary reforms. essary reforms.
The ratings also reflect
Bnleriain's suspension of saggria's ssispension of
nterest payynents oi its for-
sign debt in 1990.

CAPITAL MARKETS NEOWS DIGEST:
Rail Link issue well received

A bond issued to finance rallway development, under the UK government's private finance initiative ha

snapped up by investors and rose in price in. The The filssmissue, for Gity Greenwich Lewisham Rall launched without a third poparty guarantree. Launchehei on Friday at a yield spread of 130 basis points over the 2017年t, the paper was bid at a yield spread of 124 basts polnts
over and offered at 130 points in late $\mathrm{trading}$. Most of the issue was bought by a UK pension fund
and insurance companies, accorting to BZW , which and insurance companies, accorting to BzW , which.
lead-managed the issue. .We chose to do this without an

 The CGLR deal matures in 2020 but the paper amortise
from year inne and has an average iife of 162 y years. The
bonds have a singleA ratings from Duff and Phelps, the
 aid Ambac., the US insurer, to guarantee principal and couppon repayments. The paper was rated triple A by both
Moody's and Standard \& Poor's, the aredidt rating Rytherd Liapper
agencies. More short-term gilts planned The Bark of England's sundteg plan for the forurth
quarter is ikiky to be ske wed towards issuance of short-term debt -an estimated $£ 4.5 b \mathrm{bbn}$, against $£ 1.50 \mathrm{sbn}$ of
onger dated gits. Two auctions, on October 22 and 24, will sef the reopening of existing stock in the 5 to 7 --eas area of the yield curve and 18 to 20-year area,
respectively, while a new 5 to 7 -year gill will be issaed on
December 4.
Samer Iskandor

First from Cedel Bank
code Bank, the Luxembourg. based international
depositiark, has launched a service offering real time book niry management of collateral exchanged in derivatives ver". Labelled Global Credit Support Service, inaugural astomers inctude Bank of America, Banque Paribas, "At a time when collateralisation as a means of controling credit exposures is steadill rising, GCSS
estabishes a new standard for the management of credit support assets to mominimise the risk in the trading of derivatives, "Cedel sald
pointed to the growing In pointed to the growing use of collateralisation as
Capicial institutions respond to the European Union's
Conacy Directive and Basle Bommmittee Capital Adequacy Directive and Basle comenmittee
vuidelines. The service claims to offer customers the pportunity to maximise asset efficiency and reduce
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India faces higher bill Comeback planned for Spanish gold

## Good summer harvest expected



Scottish salmon farmers urged to concentrate on their own efficiency

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| performance. |  |
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 Commodites prices




CROSSWORD

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 INDICES


LONDON TRADED OPTIONS

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78
28

New.fourd ralation from
than other side of the world



## FT MANAGED FUNDS SERVICE





## -

## Dow gain triggers good recovery in London

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$\qquad$ move higher, althooggh Friday's
non-farm payroill will be watched
very careffuly to see if the Fed
made a mistake in holding US very carefully to see if the Fed
made a mistake in holding US
interest rates. ssatd one interest rates," satid one.
Another said he felt politcians
on thot Anotere said he talt politcians
on hoth sides of the Atlantic
would not tant to say anything would not want to say anything
that would rock the markets and that wourd rock the markets and
therefore craste more problems
ferves. for themselves.
Turnover at the fpm count was
g9:.8m shares. The value of genn69.8 sm shares. The value of genn-
ine customer business last Friday
was $\{105 b n$ Today brings the pricing of Thistle Hotels, withe soone dealeng
taking the view that the stock wing get away to a a oseful pre
mium, if realistically priced.


Tax fear




 Me Gor tor tax Brown, the
 at the weikend that the
spate of enecial thiridend
payments and share buy. paycens madeo over the past
year would be no shield
 ala excess profits
News of the at ao the warning was he market as stup shisedow such a tax on several occa.
sions over the past
months
Bet cast a shadow never utility Among the hardest hit was
Southern Electric where the $15^{1}$ pp. which left it as the vorst performer in the Footwas forther dented by specalation that the group was
looking to make an acquisl. Other stocks hit by the
remarks included Unitied
Utilitites, down 15 at $570 \%$ pip,

| Severn Trent where tbeshares eased $15 \%$ to 5900 . shares eased $151 / 2$ to 5901 p gave up 13 to $5331 / \mathrm{p}$. | setting Energy Group adrift although that will not be until early in the new year. | strength to sell ahead of third quarter results." Uni Automotive and aerospace |
| :---: | :---: | :---: |
|  | Unilever off |  |
| to believe the impact of such a tax sbould Labour win. will be moderate. Tbey include Ms Angela Whela |  |  |
|  | Profittaking continned in |  |
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| who said yesterday: "The current ratings in the sector suggest a buge tax with no |  |  |
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| suggest a buge tax with no |  |  |
| fact the tax will be more moderate than present yields |  |  |
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| are suggesting." <br> National Grid was one of the few specks of blue on the screen in tha sector. The $1701 / \mathrm{p}$, with dividend factors said to have contributed to the positive sentiment in the stock. | on its prospects. <br> UK analysts are more |  |
|  |  |  |
|  | bearish. Klainwort Benson, |  |
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|  | the stock for some a sime, pub- |  |
|  | lished a strategic note detailing its position. |  |
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| Hanson active <br> Turnover in Anglo-American conglomerste Hanson | ing investors down to earth and would use current | for |
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|  | Sep 30 Sep 27 Sep |  |
| it tbe day's most heavily - Frso divel |  |  |
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| chapter in tha eroup's history drew to a clase. |  |  |
| Shares in the group har | FTso hourty changas <br> Opwn 9.0010 .0011 .0012 .00130014 .0015 .00 16.00 Hehth Low |  |
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| Imperial Tobacco are being demerved from the main par |  |  |
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| demerged from the main par- |  |  |
| Tobacco which is to he quated in Loday. It is expected to dehut at around 380p a share. |  |  |
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|  | London mar |  |
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The Octoker issue of FF-IT will provide a comprehensive update of IT in yetalling from new instore applications to the most recent developments is home shopping:

敳 will also examine the future development of the smart card as the electronic-purse' becomes increasingly important throughout the word. it will again be essensial reading for everyone involved in $\boldsymbol{T}$. whether as user or supplier.

If you woutd like to obtain back issues of FT-IT, or receive detalls of surfitiT subscription service, ring +441715388288 . And dont forget to input Werinesuizy October 2. nto yeur memory.

Financial Times.

## damages utilities




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NEW YORK STOCK EXCHANGE PRICES

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## AMEX PRICES



Demand for quality as Paris moves ahead

## Dow takes positive line on economy



## Caracas slows down









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that the company remand
mute at its news coiffiretice



## Twist in Thai political tale lifts Bangkok 4.9\%



[^0]

## At FF 1.9 billion

The first six months of 1996 were highlighted
by the solid earnings posted by non-life insurance operations, and the excellent subsidiaries.
Consolidated net income including minority
interests) stood at FF 3.041 billion, while net interests) stood at FF 3.041 billion. while net
income. Group share totalled FF 1.977 bilion. for a year on year increase of $51.8 \%$.

Strong Earnings Growth:
Several factors contributed to this growth:
solid earnings in non-life insurance operations
posted in France, and significant increases in posted in France, and significant increases in
most other countries as well: significant earnings growth recorded by
American financial Donaldson Lufkin $\&$ Jenreute and Alliance Capital: consolidation of Australian group National
Mutual in 1996 half-year financial statements: It should be noted that these results were
obtained despite: an exceptional charge resulting from a change
accounting principle at the US life segment; startup costs related to the development of selling operations in Germany and France.

Contribution to net income,
roup share by activity


Revenue growth revenues were up $23.1 \%$, to fatling FF 81.9 billion: his increase can be attributed largely to cope of consolidation for the 1996 half ye nancial statements. On a comparable structural accounting and currency basis., revenues.

Breakdown
(in billions of French Francs)


Net earnings per share
Net eamings per share rose $33.1 \%$ year on year
to 10.57 French Francs.


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